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Companies add 67,00 jobs



ALAN DIAZ / The Associated Press

Job seeker Carmen Diaz, of Hialeah, right, gets help from South Florida Workforce employee Rodney DeMorin at the South Florida Workforce office.

Jobs report encouraging

Several indicators show nation less likely to slip back into recession

By Paul Davidson
USA TODAY

Employers shed 54,000 jobs in August, fewer than expected, as moderate private sector job gains partially offset the loss of 114,000 temporary U.S. Census workers, the Labor Department reported Friday.

The unemployment rate ticked up to 9.6 percent from 9.5 percent as 550,000 people, including discouraged workers who had been on the sidelines, entered the labor pool.

Private employers added 67,000 jobs, more than the 40,000 expected by economists, with gains in construction, health care and professional and business services. The loss of 54,000 jobs overall was more modest than the 105,000 economists anticipated.

Equally heartening: Job losses for June and July were revised downward by 123,000 and private-sector job increases for that period were revised upward by 66,000.

Stocks surged after the report.

For economists, Friday's report provided the latest in a string of recent signals that the nation likely will avoid a slip back into recession as some have feared while growth slowed markedly in recent months. Reports the past week on manufacturing, consumer confidence and retail sales all exceeded estimates.

At the same time, the job market is showing no signs that it will resume the huge gains posted earlier this year.

"There's very little evidence of a double dip," says Wells Fargo Chief Economist John Silvia. But, he said, "This is not a boom."

Economist Phil Orlando of Federated Investors says the economy appears to be emerging from a lull following the spring expiration of a tax credit for home buyers. "The market is pricing in Armageddon," he says. "We don't think Armageddon is going to happen."

Orlando says monthly private-sector job gains should average 100,000 to 150,000 the rest of the year, more than the 93,000 monthly additions in the first half. Still, that's merely enough to keep the jobless rate

See JOBS on page 11A

JOBS

FROM PAGE 10A

from rising as the population grows.

Silvia is more cautious, predicting the private sector will add just 50,000 to 100,000 jobs per month the rest of the year.

Hundreds of thousands of temporary Census workers completed their work, helping push up the jobless rate. That trend is slowing, with about 70,000 Census workers still expected to be laid off in coming months.

The report offered some encouraging harbingers. Employers added 17,000 temporary workers in August after cutting a revised 1,000 employees in July. Hiring of temporary workers typically preceeds the addition of permanent staff, though that shift has happened more slowly in this recovery. Temporary staffing agencies have added 392,000 workers since September.

Also, average hourly earnings edged up 6 cents an hour to $22.66, giving those who are working more cash that could boost consumer spending. The average number of hours worked by private sector employees was unchanged at 34.2 after generally rising in recent months.

And the number of Americans unemployed at least six months fell by 323,000 to 6.2 million, or about 42 percent of the unemployed. That's still near a record high, however, and Silvia cautioned that many of the long-term unemployed simply might have given up looking for work.

A discouraging note: The number of people working part time even though they wanted full-time work rose 331,000 to 8.9 million after falling steadily since April. That helped push up the underemployment rate — which includes those part-time workers as well as the unemployed and discouraged workers who have stopped looking for work — to 16.7 percent from 16.5 percent.

Among specific industries, manufacturers cut 27,000 workers, surprising economists who expected a healthy gain after a positive report on factory activity early this week. But the Labor Department suggested the decline might stem from a shift in the typical pattern of summer layoffs by automakers. Auto manufacturers chopped 22,000 workers, offsetting fewer-than-normal layoffs in July.

The beleaguered construction industry added 19,000 workers, though that's partly due to the return of 10,000 striking workers. Education and health care services added 45,000, while leisure and hospitality added 13,000.

Retailers, meanwhile, trimmed 4,900 jobs, transportation and warehousing cut 7,400 and financial firms shed 4,000.

Job losses in state and local governments, which are expected to weigh on the job market for months, moderated somewhat. State and local governments cut 10,000 jobs after slashing 48,000 in July.

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FROM PAGE 10A

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